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Christine Jines
Director -
Federal Regulatory

SBC Telecommunications, Inc.
1401 I Street, N.W.
Suite 1100
Washington D.C. 20005
Phone 202 326-8879
Fax 202 408-4805

January 20, 1999

EXPARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: In the Matter of CC Docket 96-128: Implementation of the Pay Telephone
Reclassification and Compensation Provisions of the Telecommunications Act of 1996;
NSD-L-98-148: Requests by SBC, Southern New England Telephone, and GTE to
Extend Waiver of Coding Digit Requirement

Dear Ms. Salas:

On January 19, 1999, Carey Caldwell, Gary Fleming, Wendy Bluemling, Jeff Thomas, and the undersigned of SBC met with Kurt Schroeder and Marty Schwimmer, Network Services Division of the Common Carrier Bureau. The attached document was discussed at this meeting.

SBC's Petition for Waiver Extension filed on December 9, 1998, requested additional time to obtain and implement switch upgrades that would permit the passage of FLEX ANI on 800 to POTS calls and the screening of IXCs' capabilities to receive FLEX ANI digits from tandem switches on 800 calls (*i.e.*, tandem screening). In an Order released December 31, 1998, the FCC denied SBC's and other parties' Petitions, "without prejudice to [the FCC's] further consideration of the requested waivers following [the FCC's] examination of public comments and additional information from the Petitioners." The Order directed SBC to submit certain information regarding the waivers and any other similarly relevant information which SBC believes will assist the FCC in its further considerations of the waiver petitions.

In the process of creating a better record, SBC found that its waiver request not only was warranted by lack of any harm to the public interest, but was unnecessary to protect the public interest. Today's meeting was requested by SBC to submit additional relevant information that SBC believes renders its Petition for Waiver Extension unnecessary. This information included the results of traffic samples that show the number of calls that would be affected by remaining problems are *de minimis* and, thus, that SBC is in compliance with the FCC's payphone coding digit requirements. The following discussion took place:

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On January 4 and 11, 1999, Southwestern Bell Telephone Company (SWBT) sampled two nodes¹ to determine the number of 800 to POTS queries versus total 800 queries that were made on those Mondays (SWBT's busiest day) between 3:00 and 4:00 p.m. (SWBT's busiest time). The results of the samples showed that 800 to POTS represented 0.37% and 0.22% of the queries in the two samples. Those numbers are de minimis in themselves. But even those numbers significantly overstate any potential effect on the passage of FLEX ANI. Of the 10,510,137 queries examined in the two samples, only one query was for an 800 to POTS call that went to an interexchange carrier. The other 10,510,137 queries were for other 800 calls or 800 to POTS calls that went to SWBT's own 800 service, for which SWBT provided, and will continue to provide, payphone compensation as applicable without using FLEX ANI.

One call out of over 10 million is truly de minimis. Moreover, there is no reason to believe that there was any failure to pay compensation by an IXC even on that one call.

Tandem screening has never raised an issue concerning compliance with the requirement to pass payphone-specific digits. SBC passes to IXCs any FLEX ANI digits that arrive at the tandems. The screening SBC refers to in its Petition would simply allow SBC to exclude the FLEX ANI digits at the tandem when they have not been requested, on this very small number of calls that are not screened at the end office.

The number of 800 calls that are not queried, and thus not screened, at the end office but, instead, are queried at the tandem also is de minimis. SWBT sampled one node to determine the number of 800 tandem queries versus total (tandem and end office) 800 queries made, using the same time frame noted above. Again, the result (0.24%) was de minimis.

Moreover, any potential benefit of such screening is disappearing for at least two reasons: First, screening within SBC's networks is done at the end office switches, except for the DMS10 switches, many of which are being replaced this year (Nevada Bell plans to replace its seven DMS10 switches, out of SBC's total of only 11 DMS10 switches). SBC's payphone lines currently served via tandems represent only 0.17% of SBC's payphone lines. Once Nevada Bell replaces its DMS10s, that percent drops to 0.03%. Second, when IXCs request FLEX ANI, there is no utility to screening (it should just be passed through). Thus, as IXCs expand their requests for FLEX ANI, the benefit of screening disappears.

Although SBC has always believed the two "problems" covered in its Petition appeared to be de minimis, SBC's focus from the beginning was on finding and fixing any problems associated with passing payphone-specific digits. The scarcity of petitions for waivers for time to fix these remaining two "problems" (involving the same types of

¹ In sample A on the attached document, SBC inadvertently shows the node as at Magee. Actually, it is at McAfee.

switches that all LECs have in their networks) and the lack of complaints from anyone regarding these "problems," however, drove us to consider more closely whether SBC already fixed all the real problems. The results of the recent samples, described above and on the attached document, confirm that SBC already achieved full compliance. Accordingly, SBC believes that there is no harm to any IXC's or payphone service providers (PSPs) caused by the two "problems," and that it would not be in the public interest for SBC to be required to make changes in its networks to fix such "problems." Doing so would cause a waste of resources, including the additional expenditure of millions of dollars.

Last year, SBC implemented FLEX ANI on all payphone lines. SWBT, Pacific Bell, and Nevada Bell currently have tariffed rates that are charged to payphone service providers (PSPs) to recover the costs of implementing FLEX ANI. If SBC is required to fix the two "problems" covered in its Petition, this requirement would result in the need for an increase in these rates to recover additional costs that had been unforeseen. Alternatively, if the FCC agrees with SBC that it would not be in the public interest to expend the dollars to fix these two problems, SBC's current tariffed rates to PSPs would decrease by approximately 50%.

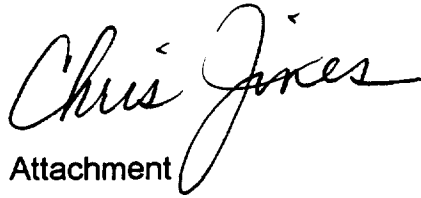
SBC is in full compliance and the public interest would be served by moving forward to reduce costs to the industry in this way. SBC requested that the Commission remove uncertainty by confirming SBC's compliance after review of the additional information on an expedited basis. The FCC should find that the traffic associated with the two once-thought-to-be problems covered in SBC's Petition is de minimis, and that the costs to fix these two "problems" are not justified and not in the public interest. The FCC should find that SBC does not need a waiver and that SBC's Petition for Waiver Extension is, therefore, moot, or should grant SBC a permanent waiver based on the de minimis effects. The FCC should leave open the ability of parties to introduce evidence in the future that changes have occurred and that these or other network design criteria have come to create problems in the passage of FLEX ANI which are not de minimis in effect. If at that time the FCC agrees that a real problem has developed, recovery of costs to fix such future problem should be allowed.

SBC will serve this letter and attachment to all parties of record.

In accordance with 47 C.F.R. 1.1206(a)(1) of the Commission's rules, the original of this letter and one copy are being filed with your office for inclusion in the public record. Acknowledgment and date of receipt are requested. A duplicate of this letter is included for this purpose.

Please direct any inquiries concerning the foregoing to the undersigned.

Sincerely,

Chris Jones

Attachment

CC: Anna Gomez
Marty Schwimmer
Kurt Schroeder

800 to POTS Samples

Sample A	
Node	Magee
Date	January 4, 1999
Time	3:00PM – 4:00PM
800 to POTS Queries	20,303
Total Queries	5,487,538
% of 800 to POTS Queries	0.37%

Sample B	
Node	Highland
Date	January 11, 1999
Time	3:00PM – 4:00PM
800 to POTS Queries	11,277
Total Queries	5,022,599
% of 800 to POTS Queries	0.22%

800 Tandem Screening Sample

Sample C	
Node	McAfee
Date	January 11, 1999
Time	3:00PM – 4:00PM
800 Tandem Queries	12,229
Total Queries	5,021,457
% of 800 Tandem Queries	0.24%

DMS10 – SBC Payphone lines served via tandem (Tandem Screening)

Offices	Payphone Lines
Chandler, OK	32
Ft. Gibson, OK	29
Kingston, OK	63
OC Tuttle, OK	12
Battle Mountain, NV	88
Ely, NV	136
Hawthorne, NV	101
Lathrop Wells, NV	72
Round Mountain, NV	20
Sandy Valley, NV	4
Winnemucca, NV	222
Total Tdm Served Payphone	779
Total SBC Payphone	458,261
% Tdm Served Payphone	0.17%

The 800 to POTS and 800 Tandem Screening problems account for a maximum of 0.46% to 0.61% of 800 calls in SBC's network. The impact of these is minimal because 1) All payphones on SBC's network are FLEX ANI capable, 2) the majority of 800 Tandem calls will be to IXC's which can accept FLEX ANI, and 3) there is very little use of 800 to POTS by IXC's (only 1 of the 32,580 800 to POTS calls in the samples).